



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: 7/19/00
CONTACT: Heather Murphy (602) 542-0844

SECURITIES SALESMAN MISAPPROPRIATES \$200,000 AND COMMISSION REVOKES REGISTRATION AND ORDERS RESTITUTION

PHOENIX — The Arizona Corporation Commission today revoked Phoenix resident Craig Lynn Stocksleger's registration as a securities salesman and ordered him to pay restitution for his part in a scheme to misappropriate approximately \$200,000 in funds belonging to an elderly Sun City investor.

Commission documents show that from August 1995 to November 1997, Stocksleger shared office space with and was a business associate of Jonathan Williams. In June 1996, Stocksleger brought Williams to the home of an elderly investor and introduced them. During their meeting, Stocksleger convinced the investor to sever his business relationships with two other salesmen and to trust Stocksleger and Williams instead. Stocksleger misrepresented their respective disciplinary histories and credentials. He told the investor that Williams was working as his assistant. Jonathan Williams had been a registered securities salesman prior to August 1995, but was terminated by Merrill Lynch for forging customers' signatures.

The Commission found that on two separate occasions in August and September of 1996, the investor entrusted checks to Stocksleger or Williams with the promise that the investor's

funds would be sent to USG Annuity & Life Company for investment in annuities. Instead, four of the five checks were used without the investor's knowledge to purchase an annuity policy from Jackson National Life Insurance Company on October 10, 1996. Although the annuity listed another person's name as the agent who had "sold" the annuity, Stocksleger ultimately received \$17,853.24 of the commissions paid by Jackson National.

Jackson National cancelled the annuity in January 1997, following written instructions on which the signature of the investor had been forged and sent the investor a check for \$230,250.61. The check was intercepted, endorsed with the investor's forged signature, and deposited in an account at Charles Schwab in the joint names of Williams and the investor. Williams lost most of the money by aggressively trading securities in the account, between February 19 and May 31, 1997. Williams also took about \$36,000 from the account for his own use. According to the Order, Stocksleger and Williams concealed the misappropriation for more than a year by making numerous misrepresentations to the investor.

Stocksleger has not been registered as a securities salesman in Arizona since June 1999. Williams was indicted in December 1999 on twenty-three felony counts, and is alleged to have stolen over \$2 million from eight elderly Sun City residents, including the one to whom Stocksleger introduced him.

Stocksleger agreed to never again to apply for registration in Arizona as a securities salesman or investment adviser. For his part on this fraudulent scheme, he was ordered to pay a penalty of \$5,000 as well as restitution in the amount of \$17,853.24.

Prior to casting unanimous votes in favor of the penalty and restitution, the

Commissioners asked several questions about restitution to the investor. Commissioner Irvin stated: "\$230,000 is a lot of money to lose, especially for an elderly person. We need to make sure there are obvious consequences for wrongdoing for Stocksleger who played a role in the deception." Later, Commissioner Mundell said he wanted to ensure that this couldn't happen again. "This order will trigger an entry into the national registration database," Mundell explained, "if Stocksleger applies for registration anywhere else in the country, today's ruling will appear on his permanent record. I hope that Arizona investors will contact the Securities Division to check the records of the salesperson or adviser soliciting their investment funds."

Securities Division Director Mark Sendrow advised, "Investors should know the people in whom they place their trust. We encourage investors to check information concerning a salesman's disciplinary history by contacting the Division." The Securities Division can be reached by phone at (602) 542-4242, by fax at (602) 594-7470, by e-mail at accsec@ccsd.cc.state.az.us, or through its web site at www.ccsd.cc.state.az.us.

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